Report "A" – Executive Policy Committee - March 14, 2007

Item No. 5 Refinancing of Debt Issued Pursuant to By-law No. 7054/97 - $40,000,000 - Maturing June 27, 2007
File FC-2

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

On March 14, 2007, the Executive Policy Committee concurred in the administrative recommendation and submitted the following to Council:

1. That a borrowing by-law enabling the City to borrow money in the amount of $17,500,000.00 to provide for the refinancing of debt issued pursuant to By-law No. 7054/97 be passed.

2. That the Proper Officers of the City be authorized to do all things necessary to implement the intent of the foregoing.

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DECISION MAKING HISTORY:

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

On March 14, 2007, the Executive Policy Committee concurred in the administrative recommendation and submitted the matter to Council.

RE: REFINANCING OF DEBT ISSUED PURSUANT TO BY-LAW NO. 7054/97 - $40,000,000 - MATURING JUNE 27, 2007

FOR SUBMISSION TO: EXECUTIVE POLICY COMMITTEE

ORIGINAL REPORT SIGNED BY: ACTING CHIEF FINANCIAL OFFICER

REPORT DATE: March 7, 2007

RECOMMENDATION:

That Council pass a borrowing by-law enabling the City to borrow money in the amount of $17,500,000.00 to provide for the refinancing of debt issued pursuant to By-law No. 7054/97.

Report Summary

Key Issues:

- Involves requesting authority to refinance By-law 7054/97 as required by the City of Winnipeg Charter.
- After first reading, and before second reading of the by-law, the City is required to make application to the Minister of Finance for approval of the borrowing.

Implications of the Recommendation(s):

General Implications

(X) None

( ) For the organization overall and/or for other departments

( ) For the community and/or organizations external to the City

( ) Involves a multi-year contract

Comment(s):

Policy Implications

(X) No

( ) Yes

Comment(s):

Regulatory Implications

(X) None

( ) Eliminates or reduces regulatory impact

( ) Proposes regulatory impact

Comment(s):

Environmental Implications

(X) No

( ) Yes

Comment(s):

Human Resources Implications

(X) No

( ) Yes

Comment(s):

Financial Implications

(X) Within approved current and/or capital budget

( ) Current and/or capital budget adjustment required

Comment(s):

Report

REASON FOR THE REPORT:

Sections 294 and 302 of The City of Winnipeg Charter require the City to pass a by-law enabling the city to borrow money for the refinancing of city securities.

HISTORY:

On June 20, 1997, Council passed By-law No. 7054/97 which authorized borrowing in the amount of $40,000,000.00.

DISCUSSION:

The City of Winnipeg on June 27th, 1997 issued $40,000,000.00 ten year Serial Debentures pursuant to By-law 7054/97 which will mature on June 27th, 2007. At the time these Serial Debentures were issued, in order to take advantage of lower interest rates for a ten year term, it was decided that a ten year debenture would be issued instead of the normal twenty year debenture. However, in keeping with the City's normal practice of issuing twenty year debt, the Serial Debentures issued on June 27th, 1997 were amortized over a twenty year period. Therefore, it was determined at that time that a residual amount would be outstanding when the debentures matured which would need to be refinanced. The amount that will be outstanding and require refinancing is $17,500,000.00.

FINANCIAL IMPACT STATEMENT

The debt servicing costs associated with this refinancing have been reflected in the City's 2007 Operating Budget.

"Original signed by Carrie Erickson"
Carrie Erickson
Manager of Finance & Administration

IN PREPARING THIS REPORT THERE WAS:

Internal Consultation With and Concurrence By:

Legal Services Division, Corporate Services Department

External Consultation With:

THIS REPORT SUBMITTED BY:

Corporate Finance Department
Financial Services
Prepared by: Garry Steski , Manager of Financial Services
File No.

ATTACHMENT



Borrowing By law
Draft March 2...